

PUBLIC ACCOUNTS COMMITTEE

(19th Meeting)

3rd September 2007

(Business conducted by telephone)

PART A

All members were present, with the exception of Connétable T.J. du Feu of St. Peter, Messrs. C. Evans and A. Grimes and Advocate A. Ohlsson.

Deputy S.C. Ferguson, Chairman
 Senator J.L. Perchard
 Connétable D.J. Murphy
 Deputy A. Breckon
 Deputy J.G. Reed

R. Bignell
 M. Magee

In attendance -

P. Monamy, Clerk to the Public Accounts Committee

Note: The Minutes of this meeting comprise Part A only.

Annual Business
 Plan 2008
 (P.93/2007):
 Amendment -
 approval of draft
 for lodging 'au
 Greffe'.
 1038/1/1/63(1)

A1. The Committee, with reference to the notes of a meeting attended by the Chairman and members of the Public Accounts Committee held on 20th August 2007, considered a draft Amendment to the Annual Business Plan 2008 (P.93/2007).

The Committee agreed that a realistic limit should be imposed upon States spending and decided that a figure for forecast Net Revenue Expenditure in 2008 of £492 million- representing growth of just over 4 per cent on the original budget for 2007 (correlating with current inflation estimates, and in line with limiting the growth in Net Revenue Expenditure (N.R.E.) as a percentage of Gross Value Added (G.V.A.)) - would be appropriate. It was recognised that this figure represented a reduction of 2.5 per cent or about£13 million on the amount (€505 million) requested by the Council of Ministers. The Committee noted a graphical representation of the effect of the proposed reduction on departmental forecasts (Figure 7) through the simple approach of increasing the 2007 figures by 4.4 per cent, whilst recognising that this was an indicative allocation of resources as the Minister for Treasury and Resources was able to vary the heads of expenditure, using powers under Article 15 (1)(a) of the Public Finances (Jersey) Law 2005.

The Committee further agreed that increases in expenditure should be limited for the period 2008 to 2012, whilst at the same time being consistent with the amounts already voted in the 2007 Business Plan. Given that the States had already adopted, through the Strategic Plan and various Business Plans, a 3-year budgeting process as well as limiting growth in N.R.E., the Committee agreed that in order to restore fiscal discipline it would be more appropriate in the current economic climate - as well as maintaining consistency - to limit growth to 3 per cent in 2009 and 2010, reducing this to 2.5 per cent in 2011 and 2012. The Committee noted that such a proposal would limit growth in the ratio of N.R.E. to G.V.A., and would also correlate with the target for the Retail Price Index excluding mortgage costs (R.P.I.x).

The Committee accordingly approved the draft Amendment and requested the Chairman to arrange for it to be lodged 'au Greffe' on 4th September 2007, for consideration by the States on 18th September 2007.